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इस भाग में भिन्न पृष्ठ संख्या दी गयी है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

## RAJYA SABHA

The following Bill was introduced in the Rajya Sabha on the 9th May, 1984:—

**BILL No. X of 1984**

*A Bill to amend the Foreign Contribution (Regulation) Act, 1976.*

BE it enacted by Parliament in the Thirty-fifth Year of the Republic of India as follows:—

1. (1) This Act may be called the Foreign Contribution (Regulation) Amendment Act, 1984.

Short  
title and  
com-  
mence-  
ment.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

49 of 1976.

2. In section 2 of the Foreign Contribution (Regulation) Act, 1976 (hereinafter referred to as the principal Act), in sub-section (1),—

Amend-  
ment of  
section 2.

(a) in clause (c), the following *Explanation* shall be inserted at the end, namely:—

“*Explanation.*—A donation, delivery or transfer of any article, currency or foreign security referred to in this clause by any person who has received it from any foreign source, either directly or through one or more persons, shall also be deemed to be foreign contribution within the meaning of this clause.”

(b) for clause (g), the following clause shall be substituted, namely:—

‘(g) “political party” means—

(i) an association or body of individual citizens of India—

(1) which is, or is deemed to be, registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968, as in force for the time being; or

(2) which has set up candidates for election to any Legislature, but is not so registered or deemed to be registered under the Election Symbols (Reservation and Allotment) Order, 1968;

(ii) a political party mentioned in column 1 of Table I to the notification of the Election Commission of India No. 56/J&K/82, dated the 19th July, 1982, as in force for the time being;’.

Amend-  
ment of  
section 4.

3. In section 4 of the principal Act, in sub-section (1), in clause (c), for the words “Government servant”, the words “Judge, Government servant” shall be substituted.

Amend-  
ment of  
section 6.

4. In section 6 of the principal Act, to sub-section (1), the following proviso shall be added, namely:—

“Provided that where any such association fails to give such intimation within the prescribed time or in the prescribed manner, or gives any intimation which is false, the Central Government may, by notification in the Official Gazette, direct that such association shall not, after the date of issue of such notification, accept any foreign contribution without the prior permission of the Central Government.”.

Amend-  
ment of  
section 9.

5. In section 9 of the principal Act, in the opening portion, for the words “Government servant”, the words “Judge, Government servant” shall be substituted.

Amend-  
ment of  
section 10.

6. In section 10 of the principal Act, in clause (b), for the words and figure “require any association specified in section 6”, the words, brackets and figures “without prejudice to the provisions of sub-section (1) of section 6, require any association specified in that sub-section” shall be substituted.

Amend-  
ment of  
sections  
14.

7. In section 14 of the principal Act, for the words and figure “class I post”, at both the places where they occur, the words and letter “Group A post” shall be substituted.

Insertion  
of new  
section  
15A.

8. After section 15 of the principal Act, the following section shall be inserted, namely:—

Audit of  
accounts.

“15A. Where any organisation or association fails to furnish any returns under this Act within the time specified therefor or the returns so furnished are not in accordance with law or if, after inspection of such returns, the Central Government has any reasonable cause to believe that any provision of this Act has been, or is being contravened, that Government may, by general or special order, authorise such

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gazetted officer, holding a Group A post, as it may think fit, to audit any books of account kept or maintained by such organisation or association, as the case may be, and thereupon every such officer shall have the right to enter in or upon any premises, at any reasonable hour, before sunset and after sunrise, for the purpose of auditing the said books of account:

Provided that any information obtained from such audit shall be kept confidential and shall not be disclosed except for the purposes of this Act.”.

## STATEMENT OF OBJECTS AND REASONS

The Foreign Contribution (Regulation) Act, 1976, seeks to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain categories of persons or associations. Since the commencement of the Act in 1976, Government experienced certain inadequacies and practical difficulties in the administration of the Act which would necessitate certain amendments therein.

2. The Bill, *inter alia*, therefore, seeks to make the following amendments in the Act, namely:—

(i) The definition of “foreign contribution”, as contained in the Act, includes only the donation, delivery or transfer made by any foreign source. It does not include donation or contribution received by an organisation from another organisation from out of foreign contribution received by the latter organisation. It is proposed to enlarge the definition to include such contributions also for the purpose of tracing the utilisation of foreign contribution down the line.

(ii) The definition of “political party”, as contained in the Act, does not at present include political parties in the State of Jammu and Kashmir and political parties which are not covered by the Election Symbols (Reservation and Allotment) Order, 1968. It is proposed to amend this definition to include such political parties also.

(iii) Under section 6 of the Act, every association having a definite cultural, economic, educational, religious or social programme may receive foreign contribution, but is required to send intimation regarding such receipt to the Central Government within such time and manner to be prescribed by rules made under the Act. As these provisions are considered inadequate, it is proposed to amend this section to empower the Central Government, by notification, to require such of those associations which fail to file timely returns or furnish false information in the returns to seek prior permission of the Central Government before obtaining foreign contribution.

(iv) The Act at present only enables the Central Government to inspect the accounts of certain persons or organisations. It does not provide for any power to audit the accounts of any organisation if it is considered necessary to do so. It is proposed to amend the Act to take specific power to audit the accounts of certain persons, organisations or associations if the prescribed returns are not furnished in time by such persons, organisations or associations or the returns so furnished by them are not in accordance with law or their scrutiny gives room for suspicion that the provisions of the Act have been contravened.

## FINANCIAL MEMORANDUM

Clause 8 of the Bill, which seeks to insert a new section 15A in the Foreign Contribution (Regulation) Act, 1976, enables the Central Government to audit any books of account kept or maintained by any person or organisation or association if such person, organisation or association fails to furnish any returns under the Act within the time specified therefor or the returns so furnished are not in accordance with law or, after inspection of such returns, the Central Government has any reasonable cause to believe that any provision of the Act has been, or is being, contravened. Such audit will be conducted by a gazetted officer of the Government holding a Group A post. This provision will involve some expenditure from the Consolidated Fund of India. But it is not possible at this stage to precisely estimate the expenditure that is likely to be incurred on this account as that would be dependant on the number of organisations which do not submit returns or whose returns are not in accordance with law and in respect of which Government would consider that the audit of their accounts is necessary.

2. The Bill does not involve any other expenditure of a recurring or non-recurring nature.

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SUDARSHAN AGARWAL,  
*Secretary-General.*

